Department of Medical Assistance Services
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MEDICAID MEMO

TO: All Physicians and other providers billing CPT codes participating in the Virginia Medical Assistance Program, FAMIS, and Managed Care Organizations providing services to Virginia Medicaid and FAMIS recipients

FROM: Patrick W. Finnerty, Director
Department of Medical Assistance Services (DMAS)

MEMO: Special

DATE: 8/13/2008

SUBJECT: Physician Rate Changes Update – Effective July 1, 2008

This memo is being sent to all providers affected by the "site of service" implementation communicated in the Medicaid Memo of May 28, 2008 including affected provider class types that did not receive the initial Medicaid Memo. With two exceptions, this Medicaid Memo covers the same information distributed in the Medicaid Memo of May 28, 2008. The two changes to the policy are discussed in paragraph two and the revised the place of service table is on page two of this memo. In addition to affecting physicians, this policy affects all provider class types billing CPT codes whose rates are based on the State Agency Physician Fee Schedule (12 VAC 30-80-190), including non-physician providers of psychiatric services whose maximum fee is a percentage of the physician fee.

DMAS has revised the list of place of service codes that are considered "facility" settings in the May 28, 2008 memo. For purposes of implementing the site of service reimbursement policy outlined in this memo, community mental health centers (place of service code 53) will not be considered a facility setting for Medicaid reimbursement purposes. The other change to the Medicaid Memo is to communicate that DMAS will no longer reduce rates by 50 percent for a limited number of services performed in an outpatient hospital setting. The comprehensive site of service reimbursement policy described in this memo replaces the 50-percent reduction policy.

Payment for physician services in some cases will be recalibrated to implement different rates for services depending on the site of service, based on the relative value units (RVUs) for a procedure code published by the Centers for Medicare and Medicaid Services (CMS). Physician rates are determined by multiplying the CMS RVUs times the Medicare conversion factor times a Medicaid factor. For certain procedure codes that can be performed in either a facility or non-

facility, CMS has been publishing separate RVUs for several years and Medicare rates are based on site of service. For these procedure codes, the non-facility rates and facility rates paid by Medicare vary based on where the procedure is performed.

Prior to July 1, 2008, DMAS used only the non-facility RVU in calculating rates. Different Medicaid rates by site of service will be phased-in over a four-year period. In state fiscal year (SFY) 2009, DMAS will add 75 percent of the difference between the non-facility rate and the facility rate to the facility rate. In SFY 2010, DMAS will add 50 percent of the difference between the non-facility rate and the facility rate to the facility rate. In SFY 2011, DMAS will add 25 percent of the difference between the non-facility rate and the facility rate to the facility rate. In subsequent fiscal years, DMAS will use the unadjusted Medicare facility RVU to calculate the facility rate.

Different rates based on site of service will be implemented in a budget neutral manner. Any savings in total reimbursement to physicians as a result of the implementation of site of service rates will be reallocated proportionately to all physician categories of service as a percentage increase.

The place of service submitted on the claim will determine whether the claim receives a facility payment or non-facility payment. It is very important that all practitioners bill claims that reflect an accurate place of service. The place of service should be entered in box 24.B of the CMS-1500. Below is a list of national place of service codes and whether the code is a facility or a non-facility code for purposes of Medicaid reimbursement.

Facility Setting	**Place of Service Code**
Inpatient Hospital	21
Outpatient Hospital	22
Emergency Room Hospital	23
Ambulatory Surgical Center (ASC)	24 (Approved ASC Procedures Only)
Skilled Nursing Facility	31
Inpatient Psychiatric Facility	51
Comprehensive Inpatient Rehabilitation Facility	61
Non-Facility Setting	All Other Places of Service

Please note that in addition to the implementation of the site of service rates noted above, DMAS is also conducting the annual update per Medicaid regulations by applying the new RVUs implemented by Medicare last January. DMAS implements this update July 1st of each year.

Updated physician rates by procedure code have been posted on the DMAS web site at www.dmas.virginia.gov. On the right hand side of the home page under "What's New," there is a link to the "Procedure Fee Schedule Files."

ELIGIBILITY AND CLAIMS STATUS INFORMATION

DMAS offers a web-based Internet option (ARS) to access information regarding Medicaid or FAMIS eligibility, claims status, check status, service limits, prior authorization, and pharmacy prescriber identification. The website address to use to enroll for access to this system is http://virginia.fhsc.com. The MediCall voice response system will provide the same information and can be accessed by calling 1-800-884-9730 or 1-800-772-9996. Both options are available at no cost to the provider.

"HELPLINE"

The "HELPLINE" is available to answer questions Monday through Friday from 8:30 a.m. to 4:30 p.m., except on state holidays. The "HELPLINE" numbers are:

1-804-786-6273	Richmond area and out-of-state long distance
1-800-552-8627	All other areas (in-state, toll-free long distance)

Please remember that the "HELPLINE" is for provider use only. Please have your Medicaid Provider Identification Number available when you call.

COPIES OF MANUALS

DMAS publishes electronic and printable copies of its Provider Manuals and Medicaid Memoranda on the DMAS website at www.dmas.virginia.gov. Refer to the "DMAS Content Menu" column on the left-hand side of the DMAS web page for the "Provider Services" link, which takes you to the "Manuals, Memos and Communications" link. This link opens up a page that contains all of the various communications to providers, including Provider Manuals and Medicaid Memoranda. The Internet is the most efficient means to receive and review current provider information. If you do not have access to the Internet or would like a paper copy of a manual, you can order it by contacting Commonwealth-Martin at 1-804-780-0076. A fee will be charged for the printing and mailing of the manuals and manual updates requested.

PROVIDER E-NEWSLETTER SIGN-UP

DMAS is pleased to inform providers about the creation of a new Provider E-Newsletter. The intent of this electronic newsletter is to inform, communicate, and share important program information with providers. Covered topics will include changes in claims processing, common problems with billing, new programs or changes in existing programs, and other information that may directly affect providers. If you would like to receive the electronic newsletter, please sign up at www.dmas.virginia.gov/pr-enewsletter.asp.

Please note that the Provider E-Newsletter is not intended to take the place of Medicaid Memos, Medicaid Provider Manuals, or any other official correspondence from DMAS.